

IRS News Release

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IRS Offers Last-Minute Reminders

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WASHINGTON — With the April 17 tax return filing and tax payment deadline imminent, the Internal Revenue Service offers last-minute tips for those who haven't yet filed or paid. Taxpayers can minimize any possible interest assessments and late filing or late payment penalties by filing and paying by the due date.

File Electronically

Filing electronically is fast, accurate and easy. The electronic filing program checks for errors and necessary information, increasing the accuracy of the return and reducing the need for correspondence with the IRS to clarify errors or omissions. The computer software leads the user step-by-step. Most people can usually file a state tax return at the same time they electronically file their federal return. Once the return is accepted for processing, the IRS electronically acknowledges receipt of the return. Generally, when someone files electronically, their refund will be issued in about half the time it would take if they had filed a paper return. Those who choose direct deposit will get their refund in even less time. More information on e-file is available on the IRS Web site at IRS.gov

Use IRS Free File

Nearly 20 companies are offering free electronic filing to taxpayers whose 2006 adjusted gross income was \$52,000 or less. That means 70 percent of all taxpayers, 95 million individuals, can take advantage of the IRS-sponsored Free File program. Free File cannot be accessed through tax preparation Web sites that inaccurately say they are part of the Free File Alliance. The only way to access this program is through the IRS's own secure, official Web site, IRS.gov, where a link to Free File may be found on the home page.

Don't Overlook These Benefits

- **Telephone Excise Tax Refund** — This is a one-time refund of long distance excise taxes available on 2006 income tax returns. The refund applies to charges billed from March 2003 through July 2006. The IRS offers a standard refund amount of \$30 to \$60, or taxpayers can calculate the actual tax paid. Even if the taxpayer does not normally have to file a return, Form 1040EZ-T can be used to request this refund. Businesses

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and exempt organizations can also request it. Taxpayers can visit IRS.gov for more information on this special payment.

- **Earned Income Tax Credit** — Earned income of less than \$39,000 in 2006 may qualify a taxpayer to claim the earned income tax credit. This credit could be worth up to \$4,536. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. To qualify, taxpayers must meet certain requirements and file a tax return, even if they did not earn enough money to be obligated to file a tax return. An electronic special “EITC Assistant” is available on IRS.gov to help taxpayers determine whether they are eligible. Taxpayers can access more information on this credit by visiting IRS.gov and clicking on “1040 Central.”

Make Sure the Paper Return is Error-free

Those who file a paper return can improve their chances of avoiding common errors that might result in a delay in the processing of their return or increase the need for correspondence with the IRS to clarify errors or omissions if they:

- Put all required Social Security numbers on the return
- Double-check their figures
- Sign their form
- Attach all required schedules
- Send their return or request an extension by the April filing deadline

Pay Electronically

Taxpayers who file electronically can e-file and e-pay in a single step by authorizing an electronic funds withdrawal or by credit card. Electronic payment options are convenient, safe and secure methods for paying taxes or user fees. Taxpayers can charge taxes on their American Express, MasterCard, Visa or Discover cards, using an IRS-authorized service provider listed on IRS.gov. The service providers charge a convenience fee based on the amount of tax the taxpayer is paying. Taxpayers should not add the convenience fee to their tax payment. A link to the “electronic IRS” is located on IRS.gov.

For those who can't file or pay on time, the IRS has alternative options.

Request an Extension of Time to File

If a taxpayer can't meet the filing deadline to file their tax return, they can get an automatic six month extension of time to file from the IRS, but they must submit the request by April 17. The extension gives taxpayers until October 15 to file the tax return. However, an extension of time to file does not give the taxpayer an extension of time to pay, which must be separately requested. Those who owe taxes can make a payment when they file the extension either by mailing a check made out to the U.S. Department of the Treasury or by several electronic payment methods, such as electronic funds withdrawals from bank accounts and credit card payments. Taxpayers can get an automatic six-month extension of time to file their tax returns

by filing Form 4868, Automatic Extension of Time to File. Taxpayers can e-file the extension request from a home computer or through a tax professional who uses e-file. Taxpayers can e-file their extensions at no cost. Several companies offer free e-filing of extensions through the Free File Alliance; these companies are listed on IRS.gov.

Request an Extension of Time to Pay

Based on the circumstances, a taxpayer could qualify for an extension of time to pay. The IRS is willing to allow extensions of time to pay in order to assist in tax debt repayment. A taxpayer can request an extension from 30 to 120 days depending on the specific situation. Taxpayers qualifying for an extension of time to pay of 30 to 120 days generally will pay less in penalties and interest than if the debt were repaid through an installment agreement. Taxpayers can request an extension of time to pay using the Online Payment Agreement option available on IRS.gov.

Apply for an Installment Agreement

The IRS may allow taxpayers to pay any remaining balance in monthly installments through an installment agreement. Taxpayers who owe \$25,000 or less may apply for a payment plan electronically, using the Online Payment Agreement application. Alternatively, taxpayers may attach a Form 9465, Installment Agreement Request, to the front of their tax return. Taxpayers must show the amount of their proposed monthly payment and the date they wish to make their payment each month. The IRS charges a \$105 fee for setting up an installment agreement. The fee is reduced to \$52 for those who establish a direct debit installment agreement and \$43 for those with an income below a certain level (more information is available on Form 13844). Taxpayers are required to pay interest plus a late payment penalty on the unpaid taxes for each month, or part of a month, after the due date that the tax is not paid. A taxpayer who does not file the return by the due date — including extensions — may have to pay a failure-to-file penalty. More information can be found on the “Payment Plans, Installment Agreements” page on IRS.gov.

For more information about filing and paying taxes, visit IRS.gov and choose “1040 Central” or refer to the Form 1040 Instructions or IRS Publication 17, Your Federal Income Tax. Taxpayers can download forms and publications at IRS.gov or request a free copy by calling toll free 800-TAX-FORM (800-829-3676).